

August 21, 2009

Dear (Congressional Leadership):

Every American has an interest in a healthcare system that delivers the highest quality services at the best possible cost, so it isn't surprising that Governors from both political parties agree on one thing: Reforming healthcare is critical to our nation's future. However, as members of the bipartisan Southern Governors Association, we are gravely concerned about one portion of the current debate that proposes to expand the Medicaid program, and united in opposing any legislation that forces states to foot the bill for these healthcare expansions.

Those of us on the front lines of managing scarce state resources and who have to balance our state budgets know such a proposal amounts to an unfunded federal mandate accompanied by so-called "reforms" that simply shift costs from the federal level to the state level. This is not acceptable, especially in these challenging economic times.

We are pleased to know that the U.S. House of Representatives has proposed providing permanent funding for its mandated Medicaid expansions, and we urge you to adopt this approach.

Some Members of Congress have indicated that states should shoulder some of the burden to fund the expansion of Medicaid. But, simply put, adding new debt to state budgets, particularly in the South, is wrongheaded economic and healthcare policy. Southern states, like many others, are already struggling to fund our current Medicaid populations and would have to cut critical services like education or public safety to add more money to Medicaid. This would have a crippling effect on state economies and, in turn, the national economy.

Let us be clear: *Any* unfunded expansions would be particularly troubling given that states face budget shortfalls of more than \$200 billion over the next three years. This gap persists even after the Recovery Act's temporary increases in the federal share of Medicaid, which was essential for avoiding dramatic cuts to critical state services and was greatly appreciated by governors.

Governors across the nation have taken steps to address healthcare reform in their respective states. We would welcome the opportunity to share our best practices for expanding coverage, reducing costs, and improving the quality of healthcare. Our reforms should be used as a guide for any congressional efforts, and they must be preserved and encouraged as part of any national reform.

We hope you recognize the importance of working to find a solution that not only reforms the Medicaid program, but ensures the program is sustainable through sound

financing options at the state and federal levels. Thank you in advance for your willingness to work with us on this vital issue.

Sincerely,